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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

STATE OF WISCONSIN
BEFORE THE ARBITRATOR

In the Matter of the Petition of:

STURGEON BAY POLICE DEPARTMENT EMPLOYEES,
Local 1658, AFSCME, AFL-CIO

For Final and Binding Arbitration
Involving Law Enforcement Personnel
in the Employ of

CITY OF STURGEON BAY (POLICE DEPT.)

Case 48

No. 39650 MIA-1258
Decision No. 25240-A

Sherwood Malamud
Arbitrator

APPEARANCES:

Michael J. Wilson, District Representative, Wisconsin Council of County and Municipal Employees, P.O. Box 370, Manitowoc, Wisconsin 54221-0370 with the assistance of David Ahrens Council 40 Research at the hearing and on the brief; with additional assistance on the brief from Bruce Ehlke of Lawton and Cates, Attorneys at Law, appearing on behalf of the Union.

Davis and Kuelthau, S.C., Attorneys at Law, by Clifford B. Buelow and Lon D. Moeller, Suite 800, 250 E. Wisconsin Avenue, Milwaukee, WI 53202-4285, appearing on behalf of the Municipal Employer.

JURISDICTION OF ARBITRATOR

On March 24, 1988, the Wisconsin Employment Relations Commission appointed Sherwood Malamud to serve as the Arbitrator in a dispute governed by Sec. 111.77 (4)(b), Wis. Stats., to determine said dispute between Sturgeon Bay Police Department Employees, Local 1658, AFSCME, AFL-CIO, hereinafter the Union, and the City of Sturgeon Bay (Police Department), hereinafter the City or the Employer. With the agreement of both the City and the Union, the Arbitrator attempted to mediate a resolution to this dispute prior to the commencement of a hearing on June 28, 1988. The matter was not resolved. The parties submitted an extensive number of documents, rebuttal exhibits, briefs and reply briefs. The record in the matter was completed on September 20, 1988. This dispute is to be resolved pursuant to form 2 as provided for in Sec. 111.77(4)(b) Wis. Stats., in that:

The Arbitrator shall select the final offer of one of the parties and shall issue an award incorporating that offer without modification.

SUMMARY OF ISSUES

Wages and duration are the two issues to be determined by this Award.

Union Offer:

In calendar year 1988, increase wage rates across the board by 3.5%.

In calendar year 1989, increase wage rates across the board by 4.0%.

City Offer:

In calendar year 1988, increase wage rates across the board by 2.0%.

The City's offer is for one year only, i.e., for calendar year 1988.

STATUTORY CRITERIA

The criteria to be applied by the Arbitrator and to serve as the basis for the selection of the final offer to be included in the successor agreement between the parties appear in Sec. 111.77(6)(a-h), Wis. Stats., as follows:

- (6) In reaching a decision the arbitrator shall give weight to the following factors:
 - (a) The lawful authority of the employer.
 - (b) Stipulations of the parties.
 - (c) The interests and welfare of the public and the financial ability of the unit of government to meet these costs.
 - (d) Comparison of the wages, hours and conditions of employment of the employes involved in the arbitration proceeding with the wages, hours and conditions of employment of other employes performing similar services and with other employes generally:
 - 1. In public employment in comparable communities.
 - 2. In private employment in comparable communities.
 - (e) The average consumer prices for goods and services, commonly known as the cost of living.
 - (f) The overall compensation presently received by the employes, including direct wage compensation, vacation, holidays and excused time, insurance and pensions,

medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

(g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

(h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

BACKGROUND

The City of Sturgeon Bay is the county seat of Door County. The City's population is 9,270; the population of Door County is approximately 25,000. Industry, tourism and agriculture comprise the three main sectors of Door County's economy. The industrial sector is centered in the City of Sturgeon Bay. The principal industry in this community is ship building. Bay Shipbuilding Corporation employed a work force of 1,812 employees in 1986 which was reduced to 128 employees by December 18, 1987. At the time of the hearing in this matter, the number employed by this company was fewer than 100.

In March, 1988, Bay Shipbuilding announced that it would no longer seek contracts to build new ships. It announced that its future was limited to the conversion and repair of ships. Under these circumstances, its work force would peak at three to four hundred if it obtained a contract to convert a ship and fewer than 100 in the operation of a ship repair yard.

The City submitted extensive documentary evidence and three video tapes for the Arbitrator's consideration. One of the tapes contains T.V. news report segments on ABC network news and on news programs emanating from Green Bay and Milwaukee describing the delivery of the last of the three container ships, the Kodiak, constructed at Bay Shipbuilding and delivered on November 7, 1987 to Sea Land of Edison, New Jersey. With the delivery of this ship, for the first time in 200 years no large commercial ship was under construction in a ship yard in the United States. T.V. news segments from Green Bay and Milwaukee appear on this tape reporting the impact of the decision of Bay Ship to no longer construct new ships. In addition, the City presented letters, articles from trade journals and newspapers documenting the significance of the decline of the ship building industry in the United States to the City of Sturgeon Bay and the local economy in Door County and in surrounding communities. These articles also describe the impact this decline in shipbuilding will have on the national defense and security of the nation.

In addition to the extensive record developed with regard to the fate of Bay Shipbuilding, the City presented documentary evidence concerning the downsizing of Peterson Builders, Inc. over a two year period by 30% from 1,000 employees to approximately 700 employees.

Despite the layoffs in the ship building industry, the financial condition of the City of Sturgeon Bay is sound. The financial statements of the City show that a surplus was generated from the budget for calendar year 1987. The City has a substantial contingency fund and cash flow positions which would permit it to fund either the Union's or the City's offer, in this case.

The Police Bargaining Unit is not the only collective bargaining unit in arbitration for calendar years 1988 and 1989. All the contracts covering employees in all the collective bargaining units in the City of Sturgeon Bay and in Door County remain unresolved and await arbitral determination. It is in this context that this dispute over wages and contract duration arises.

POSITIONS OF THE PARTIES

In this section of the Award, the Arbitrator attempts to digest the significant arguments of the parties which they presented in a total of 153 pages of argument.

The Union Position:

The Union emphasizes that there is no issue in this case relative to the City's ability to pay the Union's final offer. The case relates to the City's unwillingness to pay.

The Union argues that the City has selected communities which are much smaller in size, "lightweights", to serve as the basis of comparison for the wage rates of the Sturgeon Bay Police bargaining unit. The Union notes that the City has included a unit with a 6-2, 6-2, 6-2, 6-2 and 6-4 work cycle, the city of Peshtigo and units which settled with splits for calendar year 1988 such as the cities of Kewaunee and Algoma. The Union asserts that the Arbitrator should only consider the end rates rather than some average rate computed by the City.

The Union emphasizes that the City's offer of a contract with but a one year duration has no internal or external comparable. The Union points to the legislative change in the non-law enforcement statute which favors two year agreements.

The Union notes that the Board of Education of the School District of Sturgeon Bay and its teachers union reached a voluntary agreement for a two-year agreement which provides for a 7.1% increase for the 1988-89 and a 7.5% increase for the 1989-90 school years. The Union points out that the final offer of the employer in the Sevastapol School District which was selected in a recent interest arbitration provides for a 5.91% salary increase in the first year and a 5.21% increase in the second year. These figures exceed the Union's demand, in this case.

The Union emphasizes that the cash on hand available to the City in its general fund and contingency funds equals approximately 20% of the anticipated expenditures of the City for 1988. Although the total expenditures for 1988 are budgeted at \$5,275,870.00, the Union notes that only 48.4% of the revenues to pay for those expenditures comes from the tax levy. The Union maintains that there would be little if any marginal tax increase if the Union's offer were selected, inasmuch as, the difference between the parties amounts to approximately \$6,000.00. The Union points out that many items in the Sturgeon Bay budget are over-budgeted. Consequently, Sturgeon Bay finds itself with a surplus at the end of the year, as it did in 1987.

The Union notes that the City Council provided for itself a 50% increase in its pay from \$21,000.00 to \$31,000.00. In this regard, the Union quotes from the decision of Arbitrator Vernon in City of Sheboygan (Water Utilities), where he rejected an employer offer of a wage freeze in a situation where the employer did not demonstrate cost constraints in areas other than in freezing the wages of employees.

The Union notes that in communities with a population of between 7,500 and 12,500, only three cities spend less in an absolute dollar amount or on a per capita basis than the City of Sturgeon Bay for law enforcement.

The Union asserts that the City of Sturgeon Bay can afford to spend a greater amount per capita for law enforcement inasmuch as the per capita value of property in Sturgeon Bay is \$27,120.00 whereas in communities of a similar size, the average value is \$19,576.00, on a per capita basis.

The Union notes the cyclical character of unemployment in the Door County area. The Union emphasizes that by June, 1988, the unemployment rate had fallen to 7.8%.

The Union counters the City's argument that it is unique and should be treated differently because of the high unemployment. The Union maintains that the City of Sturgeon Bay and Door County are not unique. In its Exhibit B-9 it lists the wage increases provided by counties with unemployment rates in excess of 10% in the first quarter of 1988. The Union points out that in all of

these counties, wage increases have been provided not only in excess of the City's offer but in excess of the Union's offer, as well. In this regard, the Union takes exception to the rebuttal exhibit provided by the City concerning the settlements among the jail staff in Kenosha County and the teachers in Kenosha School District. The Union asserts that those communities are not comparable to Sturgeon Bay. Further, the Union points to peculiarities in the bargaining history in Kenosha which further distinguish the situation there from that of Sturgeon Bay and Door County.

With regard to the criterion, the cost of living, the Union maintains that its offer more closely approximates the 3.9% increase in the Consumer Price Index experienced during calendar year 1987 than the City's offer of 2%.

The Union argues strenuously that whatever group of comparables are selected, its offer is to be preferred over that of the City's. In this regard, if all the comparables suggested by both the City and the Union are considered, the average monthly pay for a patrol officer at the top of the schedule is \$2,029.00 as compared to the Union's offer of \$1,890.00 and the City's offer of \$1,864.00. In this vein, the Union notes that when the 18 law enforcement agencies, inclusive of Sturgeon Bay and Door County, are ranked from high to low with regard to the salary of the top patrol officer, Sturgeon Bay ranks thirteenth out of the eighteen, in 1987. This further reinforces the Union's position that the salary level for police officers in Sturgeon Bay is below average. The selection of the City's offer will only move the salary level of the Sturgeon Bay police officer further below the average of officers employed in this large sampling of law enforcement agencies.

The Union breaks out this data according to geographic proximity and population. The Union maintains that this data further reinforces the preferability of its offer over that of the City's.

The Union disputes the conversion of monthly rates to an hourly rate to establish a basis of comparison among law enforcement agencies. The Sturgeon Bay Officer works 1,947 hours per year and there are those in which the officer works 2,080 or 2,000 hours per year. The Union maintains that the issue here is one of pay not the number of hours of work. The Union disputes the use of the City of Shawano which is geographically removed from Sturgeon Bay as a comparable. Yet, the Union notes that the City ignores the City of Marinette from its primary, secondary and miscellaneous groupings of comparables. The Union points to the wage settlement achieved in other municipalities and units of government in Door County. The Union notes the settlements among support personnel in Southern Door, Sturgeon Bay School District and Gibraltar schools where the increases range from 1.5% but are

mostly 4 and 5%. The Union notes that the teachers employed by the Sturgeon Bay Board of Education received a 7.1% increase in 1988-89 and the teachers of Southern Door County School District received an increase of 6.2% for the 1988-89 school year.

The Union argues that its offer both on the issue of wage rate and duration is to be preferred over that of the City.

The Union argues that the substantial amount of evidence presented by the City in the form of newspaper articles and two and one half hours of video tapes should be excluded from the record and not considered by the Arbitrator in his determination of the matter. Those materials are hearsay. The Union did not have the opportunity to cross examine the writers of the articles and the declarants who appear on the video tapes. Furthermore, the Union emphasizes that despite the breadth and generality of the material presented in these newspaper articles and in the video tapes, the City did not call one expert witness to interpret and provide meaning to this general material.

At the conclusion of its brief, the Union notes that the payback issue on holiday pay amounts to \$8,807.84 and it far exceeds the amount in dispute, here.

The City Reply:

The City notes that the Union has introduced no evidence to justify the Union's argument that its laundry list of cities and counties are comparable to Sturgeon Bay. The Employer argues that cities such as Green Bay and Manitowoc are many times the size of the Sturgeon Bay police force. The Employer argues that the city of Marinette with its sister city of Menomonee, Michigan comprise an urban area twice the size of Sturgeon Bay. The Employer cites nine arbitration awards in communities such as Green Bay, Manitowoc, De Pere, Marinette, both city and county, Brown and Oconto counties in which the City of Sturgeon Bay is not identified as a comparable to the above cities or counties listed. Furthermore, the City cites the decision of Arbitrator Gundermann in City of Tomah who noted the difficulty of comparing the wage rates, etc. of city police officers to the wage rates of county deputy sheriffs. The differences between these two law enforcement groups extend to the functions performed by each, the difference in the geographic area covered, and the nature and variety of services provided by each. The City points out that the two other communities which are located near Sturgeon Bay, Algoma and Kewaunee, are much smaller both in population and in the size of the law enforcement departments than the population and size of the department in the City of Sturgeon Bay. This difference in size is reflected in the resources available to these communities and expended by these communities for law enforcement and all other services as compared to the resources

and expenditures of the City of Sturgeon Bay.

The City emphasizes that if the Arbitrator is to give any weight to the comparability criterion, then the most relevant comparison is the hourly rate paid to police officers who work from 1,946 hours to 2,080 hours per year. The hourly rate provides the common denominator on which a comparison may be based.

The City emphasizes that it believes that the City of Sturgeon Bay and the circumstances it confronts at this time make it a unique community. The City maintains that the comparability criterion should be given little if any weight, in this case. It has cited and provided evidence with regard to communities such as the cities of Marinette and Peshtigo only to highlight its argument that there are few municipalities which can rightfully serve as a basis of comparison for the wage and duration issues, in dispute here.

The City notes that the Union compares the salary rate for 1987 and 1988 of the top police officer. The City points out that in 1987 the City law enforcement unit achieved substantial wage gains and improved their salary rankings. The City argues that under its offer the police officers would only drop one ranking at the sergeant classification. Under the Union's offer, the position of the Sturgeon Bay police officer would improve one rank at the patrol officer maximum and at the sergeant classification. The City emphasizes that this is the result even when the monthly rates for the patrol officers employed by the primary and secondary comparables are compared to the monthly rates of the sergeant and patrol officer in the City of Sturgeon Bay. The reasonableness of the City's offer carries forward when the year-end hourly wage rates are compared under the City's offer. The Sturgeon Bay police officer loses one rank at the patrol officer maximum and at the sergeant classification. Under the Union's offer, one rank is gained at these classifications. When the four communities identified by both the Union and the City as comparables are analyzed over a period of four years, from 1984 through 1988, the ranking of Sturgeon Bay among the communities of Algoma, Kewaunee, Oconto and Two Rivers remains constant under the City offer and improves at the patrol officer maximum and the sergeant classifications under the Union's offer.

The City argues even if the Arbitrator should find that in the past the City has paid its law enforcement officers "below the market", the Sturgeon Bay Police Officer's wages were increased substantially in 1987. That increase of 6.5% is much greater than the increase provided by the cities identified by the City as comparables. The average settlement of the primary comparables was 2.33%; the secondary comparables settlements averaged 3.63%; and the settlements of the combined primary and secondary comparables averaged 2.85%. The City argues this data

provides ample justification for some "fall back" in 1988.

With regard to the Union's argument on the public interest and welfare criterion, the City emphasizes that the Union totally ignores the economic environment in which this case arises. The Union ignores the massive layoffs at Bay Shipbuilding. The City emphasizes that there is no justification for the Union's offer which would move the City into a wage leadership position during a period of time when the City is confronting the devastating impact of the collapse of the ship building industry and Bay Shipbuilding, in particular. The City argues that the impact of the layoffs of 1,743 workers, 885 of whom live in Sturgeon Bay, is as great or greater than the impact of the layoffs to be experienced by Kenosha when Chrysler closes its plant in that community. The significant difference is that in Sturgeon Bay and Door County, the layoffs have already occurred. In Kenosha, they have yet to happen.

The City quotes from the decisions of Arbitrator Gundermann in the School District of Cudahy, (19635-A), 1982; the decisions of Arbitrator Mueller in School District of South Milwaukee, (19668-A), 1982 and the Madison Area Vocational, Technical and Adult Education District, (19793-A), 1982, in which these arbitrators gave substantial weight to the public interest criterion when a substantial down-turn in the local or general economy was demonstrated.

The City points to the 15.1% record level unemployment rate in Door County published on January 26, 1988. The City emphasizes that when the unemployment rate for May, 1988 is compared to that rate in May, 1987, it is 1.2% higher. When the unemployment rates for May and June, 1988 are compared to those rates in 1986, the 1988 rate is 2.3% higher. The City acknowledges that the unemployment rate for Door County reflects the seasonal impact of the tourist industry. However, the City of Sturgeon Bay is not a tourist mecca as are the northern Door County communities, such as, Sister Bay and Fish Creek, etc. The unemployment rate in Sturgeon Bay reflects the large number of people out of work as a result of the layoffs in the ship building industry. Those statistics only reflect the persons who have chosen to remain and attempt to find work in this area. It does not reflect the many who have already left the City and relocated elsewhere.

The City argues that the Union's fiscal analysis of the City's 1988 budget is flawed. That budget reflects cuts in expenditures of in excess of \$56,000.00. The salaries of the mayor, city administrator, clerk/treasurer's office, city attorney, assessor, public works director and city engineer were frozen. The City emphasizes that this budget was prepared prior to the announcement by Bay Shipbuilding that it would no longer construct or seek contracts to construct new ships. The City

claims that the nest egg referred to by the Union in its brief will be gone by the end of this fiscal year.

Finally, the City emphasizes that it is not asking the Union or, for that matter, any of its bargaining units to accept a wage freeze or a cut in pay. The City emphasizes that no matter what happens in the various arbitrations, the personnel budget will increase.

The City emphasizes that the other public sector units which have a direct bearing on this case have not settled. Other City units, as well as, the collective bargaining units in Door County and the Sturgeon Bay Utilities Commission are all unresolved for calendar years 1988 and 1989.

With regard to the Union's reliance on the settlements in the school districts located in Door County, the City argues that that reliance is misplaced. The City argues that traditionally teacher settlements are higher than those of local municipalities. Even there, the settlements of teachers between 1986 and 1989 fell short of the salary and total package increases achieved by teachers on a statewide basis. The City notes that for the 1987-88 school year, the teachers at Southern Door received a salary increase 1.39% below the state average and 1.20% below the average total package achieved by teachers statewide. Similarly, the settlement achieved by the Sturgeon Bay teachers was 1.89% lower than salaries received by teachers statewide and their total package was 1.76% below that received by teachers statewide.

The City counters the hearsay objection lodged by the Union by noting that the purpose of the newspaper articles and video tapes is to report the undisputed facts and the economic uncertainty which exists in the City of Sturgeon Bay. The City points to the decision of Arbitrator Michelstetter in Shell Lake School District, (25259-A), 1988, in which he considered newspaper articles which documented the effect of the drought on that farm economy.

With regard to the duration issue, the City maintains that the Union's position ignores the economic conditions and the unique circumstances under which this case arises. Secondly, since the Union has presented little evidence to justify the 4% increase it demands for calendar year 1989, that only demonstrates the reasonableness of a one-year proposal. Furthermore, the City notes that with the exception of the 1981-82 and 1986-87 contracts, the rest of the contracts between these parties have been one-year contracts.

Finally, the City argues that the reference to the holiday pay issue made at the conclusion of the Union's brief is a non-issue, in this case.

The City concludes that its final offer is more reasonable and should be adopted by the Arbitrator.

The City Argument:

The City maintains that there are no comparables to Sturgeon Bay. Manufacturing is the principal industry in this community. Forty-four percent of Door County's income comes from manufacturing jobs. Manufacturing accounts for one-third of all jobs in the county. Manufacturing is centered in Sturgeon Bay. After providing a lengthy description of the Sturgeon Bay community and emphasizing the importance of ship building to the manufacturing sector of this community of 9,270 people, the City reviews the population data of cities which are in the geographic area. Algoma has a population of 3,697; Kewaunee a population of 2,686; Oconto a population of 4,387; and Oconto Falls, 2,668. The following chart indicates the enormous disparity between the resources and expenditures of these four communities and that of Sturgeon Bay.

CHART 1
1986 MUNICIPAL REVENUES AND EXPENDITURES
(All figures expressed in thousands)

<u>City</u>	<u>General Property Taxes</u>	<u>Total Taxes</u>	<u>Total Revenues</u>	<u>Law Enforcement Expenditures</u>	<u>Total Expenditure</u>
Algoma	\$518.0	\$586.2	\$1,645.0	\$208.4	\$1,554.7
Kewaunee	\$318.3	\$395.7	\$1,541.9	\$233.1	\$1,579.2
Oconto	\$449.7	\$509.3	\$3,144.4	\$299.3	\$3,363.1
Oconto Falls	\$290.0	\$440.7	\$1,408.2	\$221.4	\$1,781.1
Sturgeon Bay	\$1,785.4	\$2,179.8	\$5,031.3	\$670.2	\$5,133.0

(C-15-3)

The number of full-time law enforcement officers in Algoma is 4; Kewaunee - 6; Oconto - 7; Oconto Falls - 5; and in Sturgeon Bay - 17. The City identifies four primary comparables as: Algoma, Kewaunee, Oconto and Oconto Falls. It identifies two secondary comparables as: Shawano and Two Rivers. It identifies a miscellaneous comparable - Peshtigo. The City goes on to argue against the comparables suggested by the Union. That argument has been detailed in the section of this award titled as The City Reply.

The City argues that an analysis of the comparable settlements for 1988 supports its final offer. The City argues that the rankings of these primary and secondary comparables indicate that, under the City's offer for 1988, the patrol officer and sergeant would retain their rank among the primary comparables. They would slip one rank at the "start" benchmark for patrol officer among the secondary comparables. They would slip one rank at the maximum for patrol officers and at the sergeant classification when both comparables are considered. The City argues that the rates generated through its offer closely track the market when the hourly rates of police officers among the comparables are compared to the hourly rates paid to Sturgeon Bay police officers.

The City points to the enormous gain achieved by these police officers in 1987. The settlement increased wages by 6.5%. It was 3.63% above the average of the secondary comparables and 2.33% above the settlements achieved among the primary comparables in 1987. For that reason, the City argues that it is entitled to some fall back on the basis of the salary history and pattern of settlements among the comparables. In this regard, the City charts found at pages 15 and 16 of its brief reflect the following. In 1984, the settlement among primary and secondary comparables was at 4.44% and in Sturgeon Bay the settlement for its police officers was 3.35% or 1.09% below the average. In 1985, the settlement in Sturgeon Bay was at 6% or 1.4% above the average of both the primary and secondary comparables. In 1986, the settlement was 1.54% for the officers of Sturgeon Bay below that of the average of both the primary and secondary comparables which was at 5.04%. Finally, in 1987, the average settlement among the primary and secondary comparables, taken together as a group, was 3.65%, when the percentage increase achieved by the Sturgeon Bay police officer was 6.5% or 2.85% above that of the average.

Among all the communities suggested as comparables by both the Union and the City, only the city of De Pere has settled for 1989. The City argues that this fact supports its argument that the other statutory criteria should be given greater weight than the comparability criterion.

For its part, the Union attempts to expand comparability to counties scattered across the state which have unemployment in excess of 10%. The City notes that the Union made no attempt to indicate that there is any basis of comparison between these counties and the community of Sturgeon Bay. The Union presented no evidence concerning the well-accepted comparability factors such as geographical location, size, population, police/sheriff department size, economic base, etc. of the counties with rates of unemployment of over 10%. The City notes that despite this reference to a potpourri of counties, the Union has fought to keep out of the record any reference to data emanating from

Kenosha County and the settlements achieved subsequent to the announcement by Chrysler that it will close its plant in the city of Kenosha.

The City argues that it is the criterion "the public interest and welfare" which should receive the greatest weight in deciding this case. The City cites the decisions of Arbitrators Vernon, Gundermann and Mueller issued during the economic downturn in 1982 which all support arbitral emphasis of the public interest criterion during an economic downturn.

The City details the bleak condition of the ship building industry in the United States. It documents the decline of Bay Shipbuilding and its substantial down-sizing from a ship building company to a ship conversion and repair company. It will employ no more than 400 employees and retain a work force, for the most part, totalling approximately 60 or 70 employees, the City emphasizes. The City notes that 30% of the employees laid off at Bay Ship reside in Sturgeon Bay. Between December, 1986 and June, 1988, 480 employees who reside in Sturgeon Bay were laid off by Bay Ship building. In June, 1988, when unemployment statistics are normally at their lowest, unemployment in Door County was 7.8%. In June, 1986, the unemployment rate was 5.5%. The City asserts that Sturgeon Bay is no more than a pit stop for travelers to the northern Door County resort communities. The residents of Sturgeon Bay feel the brunt of the down-turn in ship building. The City notes that Bay Ship will not employ 1,500 or 1,700 employees in the future. The economic development plans developed by the City, the County and the Chamber of Commerce may provide another 250 jobs, but those plans will not generate sufficient employment to replace the jobs lost at Bay Ship. The wages and salary levels paid at Bay Ship will not be generated by tourist industries. If Sturgeon Bay is able to attract light manufacturing to the area, that development will not occur in the short term. In fact, Sturgeon Bay has been identified as an area eligible to be defined as an enterprise zone or economic disaster area. The City notes that Arbitrator Vernon in School District of Sevastopol, decided in 1988, noted that:

...One doesn't need an econometric model to appreciate the impact Bay Ship Building alone, not to mention PBI and Palmer Johnson can have on the property taxpayers whether they may have been employed at Bay Ship or were employed in a business or service department on Bay Ship Building and/or its employees. This kind of situation as far as this record shows is either wholly distinguished from other Districts and/or occurred subsequent to settlements in other Districts that may be similarly affected.

The economic situation and its impact definitely

caused the District's offer to be in the public interest and welfare to a greater degree than the Association.

The City, then analyzes private sector settlements. Bay Ship unilaterally implemented an 18% cut in wages of employees represented by four unions, the Boilermakers, the Pipefitters, the Carpenters and the Electricians. If a weighted average is taken of the change in wage rates made by the eleven private sector employers located in the City of Sturgeon Bay, employees of these employers received a .05% wage cut. If a straight average of the eleven private employers is computed, then employees employed in the private sector received a 1.46% increase. This data supports the City's offer of a 2% increase.

The City argues that public sector settlements should be given less weight in this case. There are no settlements in the remaining bargaining units of the City, Door County or at the Sturgeon Bay Utilities. The City argues that the Arbitrator should look at the settlements which occurred after Chrysler announced it was closing its plant and would lay off some 5,500 workers in that community.

The City notes that the cost of living is normally measured by the change in the Consumer Price Index for the twelve months prior to the effective date of the agreement in dispute. It is the total package cost which should be measured against the cost of living. The City notes that the increase in the index for the North Central States - Non-metro Urban Areas for December, 1986-December 1987 is 3.88%. The Union's offer is .64% above the cost of living increase; the City's offer is .78% below the increase in the cost of living. The City notes that over the period of December, 1984 through December, 1987, the total increase in the cost of living amounted to 5.59%. However, the increase in salaries for law enforcement personnel amounted to 19.35% or 13.76% above the increase in the cost of living during this period. Accordingly, the City argues that the cost of living criterion supports its offer.

The City concludes that its offer is the more reasonable and should be selected by the Arbitrator as the one to be included in a successor agreement.

The Union Response:

The Union begins its response with a review of the home addresses of those employees laid off by Bay Shipbuilding. The Union notes that employees came from all over the United States to work for Bay Ship. The Union notes that approximately 500 employees live in surrounding communities with 138 employees having home addresses in Algoma in Kewaunee County and 106 list

Green Bay in Brown County as their home address. If comparables were developed from the ratio of employees laid off from Bay Ship, it would show Kewaunee County with 291 employees and Brown County with 136 employees, Manitowoc County with 61, Oconto County with 12, Marinette County with 4 and Shawano County with 2 employees. The Union argues that these figures demonstrate that these counties and communities should be considered as comparables to Sturgeon Bay in that they share a common labor market for the work force employed by this dominant employer.

With regard to the Two Rivers police agreement, the Union notes that under that unique agreement, the employer is specifically given credit for the health insurance it pays for retirees at the rate of 2% in the total wage package. This accommodation for this benefit is specifically referenced in that agreement. Accordingly, the Union asserts that if the wages of Two Rivers police officers is to be considered, then credit should be allotted for that 2% proviso.

The Union argues that the purpose of the City's offer is to fall back. That is the reason it recalculates monthly salaries into an hourly rate or considers the average of split settlements.

The Union attacks the City's identification of Algoma, Kewaunee, Oconto and Oconto Falls as primary comparables. The Union asserts that the City of Sturgeon Bay wants to be a big fish in a small pond.

The Union notes that the City chose a long term analysis of the percentage increase received by Sturgeon Bay police and it started with the 1984 agreement. The Union asserts that it did so because in 1984, the police department employees received a 0% increase because of the adoption of the 6-3 work cycle. The Union notes that if monthly rates are considered and Two Rivers is given credit for the 2% proviso noted in their agreement, then the range of increase from 1983 through 1988 is a low 18.1% even with the inclusion of the Union offer for 1988, while the wage rates during this period in the primary group of comparables identified by the City, increased by 21.2% in Algoma; 28.3% in Kewaunee; 21.6% in Oconto; 18.3% in Two Rivers; and 23% in Shawano. The increase in wage rates during this period for Sturgeon Bay law enforcement personnel places it in last place.

The Union in its reply brief deals at length with the four decisions cited by the City in its original brief, namely School District of Cudahy (19635-A), 1982, Gundermann; De Pere Education Association, (19728-A), 1982, Vernon; Madison Area VTAE District, (19793-A), 1982, Mueller; and School District of Sevastopol, (24910-A), 1988, Vernon. The Union notes that the percentage increase and total package dollar increase for each employee in these cases far exceeds the amount demanded by the Union, here.

The Union quotes extensively from the Cudahy decision and notes that Arbitrator Gundermann did not even consider the public interest as a factor in reaching his decision. Rather, he relied upon factor "h" in making his decision. In Madison Area VTAE, the Union notes that Arbitrator Mueller found that the employer offer would retain the relative ranking and position of teachers in the vocational district as compared to teachers in comparable districts. Here, the Union notes that the City of Sturgeon Bay attempts to fall back and reduce the ranking of the wages of police officers of this city. The Union notes that the case which arises under the worst economic conditions is the one decided by Arbitrator Kerkman in Menominee County (Sheriff's Department), (19988-A), 1982. After detailing the sixteen severe economic problems in that county, the Arbitrator does not reject the Union's demand for an 8% increase on January 1 with an additional 2% increase for the calendar year 1981 because of the public interest. Rather, Arbitrator Kerkman found for the employer on the basis of its inability to pay. The Union notes that the sheriff's deputies in Menominee County received a greater increase in 1981 in losing that arbitration, \$500.00 per employee than the \$447.73 offered by the City, in this case.

The Union responds to the City's citation of the award in Rosendale - Brandon School District, (23261-A), and City of Racine, Voluntary Impass Procedure, decided February 19, 1988, cases wherein the arbitrator gave greater weight to internal settlements, where there was little evidence of a pattern of settlement in comparable communities. The Union notes that the internal comparisons among other bargaining units of the City and bargaining units in Door County, as well as the Sturgeon Bay Utilities Commission will all have two year agreements rather than the one year proposed by the City. The only attraction to the City's offer of a one year contract is that the Arbitrator need not make a decision relative to the wage rates for 1989. The Union notes that, given the inclination of the municipal employer in this case and in Door County to arbitrate, the two year proposal of the Union provides for greater stability than the City's one year proposal. In this regard, the Union quotes extensively from the decision of Arbitrator Vernon in City of Green Bay (Police Department), 25114-A, 6/88, in which he selected the employer's proposal for a two year contract over that of the Union's for a one year agreement. The one year offer would have sent the parties back to the bargaining table immediately upon the receipt of the award. Arbitrator Vernon observed that a two year proposal permits the parties to defeat the time lag problem resulting from the negotiation and possible litigation of a one year contract. The Arbitrator found that there was nothing inherently unfair about the proposal for an increase in each year provided for in the employer's offer in the City of Green Bay case.

The Union disputes the City's reliance on the decision of

Arbitrator Vernon in Rosendale - Brandon School District. The Union argues that the Arbitrator in that case based his decision on the comparables rather than on the criterion public interest and welfare.

With regard to public sector settlements, the Union details and notes the unique circumstances included in the tentative agreements of the parties in the case of Door County Ambulance for 1988 and 1989. The employer proposed a freeze for both years. The Union proposed 3% increases on May 1 of each year. However, the tentative agreements of the parties reflect a significant change in the hours of work of the employees in that bargaining unit.

With regard to the City's argument relative to the cost of living, the Union notes that its offer is closer to the increase in the cost of living at .64% above the increase in the Consumer Price Index than the City's offer which is .78% below the increase in the Consumer Price Index. Furthermore, the Union notes that the annualized increase in the cost of living during the first five months of 1988 would be 6%. This provides further support for the Union's proposal for a wage increase of 4% in 1989.

With regard to the data presented by the City concerning the wage increases given by private sector employers to their employees, the Union notes that Bay Shipbuilding should not be considered in this group, inasmuch as, the wages were unilaterally implemented by the employer and were not agreed to by the unions. Furthermore, the Union quotes extensively from the decision of this Arbitrator in Sturgeon Bay School District, 24174-A, 7/87, in which this Arbitrator observed that the wage increases given to non-unionized employees, as is the case in all the private sector settlements listed by the City, are the product of unilateral action by these employers. The Arbitrator in that case gave little weight to that data inasmuch as the representatives of these various private employers were not called to testify as to whether the raises listed cut across all categories of employees.

The Union concludes that the Sturgeon Bay Police Department police officers are not well paid. The selection of the City's offer would further erode and diminish the relative worth of these law enforcement personnel. Furthermore, although this case is the first of those arbitrated in this area, if the City's offer is selected, these employees salaries for 1989 will be the last ones to be determined. Accordingly, the Union asserts its offer is the more reasonable one and should be selected for inclusion in a successor agreement.

DISCUSSION

Introduction:

The structure of the analysis that follows is built upon the statutory criteria. The relative merits of each offer as to the wages and duration issues are measured by each criterion. The Arbitrator concludes each such subsection with an indication of which offer is to be preferred under each criterion. The Award concludes with a summary of the Arbitrator's findings and his selection of the final offer of either the City or the Union which is to be included in a successor agreement.

Evidentiary objections raised in the parties' arguments, letters and briefs are addressed in the discussion of the appropriate criterion.

WAGES

The Lawful Authority of the Employer:

No argument was presented on this criterion. It does not serve to distinguish between the final offers of the parties.

Stipulations of the Parties:

Under the language of the agreement which will be carried into a successor agreement, the increase in premiums for health insurance for both family and single coverage will be paid by the Employer. In this regard, the family rates increased by 19.8% and the rate for singles increased by 21.1%. These significant increases in the cost of health insurance has a 1.1% impact on the total package cost of both final offers for calendar year 1988. The City's final offer costs 3.1%; the Union's total cost of its final offer for calendar year 1988 is 4.52%. The impact of the increase in health insurance premium to be absorbed by the Employer is taken into account in the discussion of the comparability and cost of living criteria below.

However, in and of itself, this increase in the cost of health insurance premiums does not serve as a basis for distinguishing between the final offers of the parties.

The Interests and Welfare of the Public and the Financial Ability of the Unit of Government to Meet these Costs:

The City emphasizes that the issue here is not an ability to pay, but its unwillingness to pay the wage demand of the Union. It is on the basis of that assertion, that the Employer maintains

that its financial condition is irrelevant to this proceeding.

The Arbitrator disagrees. Clearly, the financial condition of the Employer and its ability to fund the wage demands of the Union must always be a concern. That is the primary thrust of this criterion. The issue here, is whether it is appropriate during this period of economic uncertainty for the Employer to meet the Union's wage demand. The reason there is any question relates to the long term ability of the City to fund a certain level of law enforcement service and certain quality of law enforcement personnel. Should the decline of employment in Bay Ship serve as the beginning of an economic decline in the City of Sturgeon Bay, then, the lower the cost of law enforcement would be in the public interest in the face of shrinking property values, reduced population and a reduced need for the service. This scenario is one long term negative effect which might result from the decline of Bay Ship from the number one to the number three ship builder in Sturgeon Bay and from the main employer to the fifth or sixth largest employer out of eleven "large" private employers in the City.

The record evidence in this case demonstrates a strong, united effort by the citizens of Sturgeon Bay and the local governmental units, the City and Door County, as well as the State of Wisconsin to retain those businesses already in Sturgeon Bay and attract others to this community. The record in this case is quite clear. The residents of this area are united in an effort to check this decline in employment and attract new industries to the area.

Before applying this criterion to the evidence proffered by the parties, the Arbitrator will address the Union's objection to the newspaper articles and video tapes submitted by the Employer in support of its case. The Union objects to the numerous newspaper articles and trade journal articles submitted by the City. Yet, the Union has included newspaper articles in the presentation of its case. It is the view of this Arbitrator, that newspaper articles may be considered and given some weight if their use is limited to corroborate testimony or data from reliable statistical sources. If newspaper articles are the sole source of the evidence proffered to prove the facts detailed in the article, the articles will be given no weight. Obviously, the articles are not subject to cross-examination. The reporters are not present to answer questions. The articles are the work product of reporters and editors. The articles may contain factual errors which may or may not have been corrected at a later date. In this case, the newspaper articles, although quite numerous, corroborate other evidence such as letters, unemployment

ment data, the annual report of a Manitowoc Company (submitted by the Union) as to the economic reversal and decline of the ship building industry in general and at Bay Shipbuilding in particular.

The submission of two and a half hours of video tapes submitted by the City for the Arbitrator's consideration pose additional problems in an interest arbitration proceeding. The tapes were not used to preserve the testimony of a witness who would be unavailable on the date of the hearing. One of the video tapes contained several minute segments from TV news programs emanating from Green Bay and Milwaukee concerning the delivery of the container ship Kodiak and the decision of Bay Ship to get out of the ship construction business. In the main this served only to corroborate evidence present elsewhere in this record. The video tapes suffer from the same disadvantages of newspaper articles. In addition, video tapes are administratively burdensome and costly to the process. Two and a half hours of video tapes take two and a half hours to view. The greatest drawback to the use of video tapes is that neither party, even the party submitting the tapes, has any idea as to how the tapes will play with the Arbitrator. For example, in the course of reviewing the large volume of documentary evidence submitted, the Arbitrator noted that little evidence was presented on the assessed valuation of property in the City of Sturgeon Bay. Yet, one of the TV news segments highlighted the difficulty that many laid off employees were having in selling their homes. Reference was made to homes in excellent condition that would otherwise be very marketable. The owners of these homes were unable to sell because of the saturated market, the news reporter claimed. The news account reported that homes had been on the market for two years. One would think that, if this experience was widespread, it would begin to be reflected in assessed valuations for tax purposes. Experts in the real estate market could testify as to the decline of the prices for homes, if that data had not yet appeared in local assessed valuations. Yet, that kind of documentary evidence or testimony was not presented in this case. The video tapes only served to heighten the Arbitrator's suspicion that if lay offs were widespread and had occurred all at one time, it could have an impact on the real estate market and the tax base of the City. However, in the absence of hard data, this Arbitrator draws no inferences from the two or three minute segment which appeared on the video tape.

One might think that the video tapes provide a visual aid to the personal trauma experienced by those employees laid off and by the executives of a corporation who were called upon to go out of the ship building business. It is apparent from the other evidence in this record, that the skilled tradesmen who have spent years perfecting their skills and using those skills in the ship building industry, will have a hard time or most likely be unsuccessful in finding employment where those skills can be

used. It is clear, that these skilled tradesmen will not have the opportunity to pass those skills and knowledge on to others. A corporation which has committed large amounts of capital and resources to building ships, will not have the opportunity to continue to produce that product.

To make sure the point is not lost, this Arbitrator does not believe that the use of video tapes is useful in the presentation of an interest case. The time and effort necessary to put these video tapes together may be better spent in accumulating other data. It is my hope that this analysis will discourage the future use of video tapes in Interest Arbitration proceedings.

The most telling exhibits in this record are the unemployment reports for Door County detailing the steep rise in unemployment from 1986 through 1988. The Union is correct in its observation that the unemployment data is quite cyclical in Door County. The unemployment in the area in the wintertime is double the level of unemployment over the summer. Yet, that unemployment floor increased from 5.5% in June, 1986 to 7.8% in June, 1988. That represents a 2.3% increase in the level of unemployment during this two year period. During that two year period, the size of the labor force decreased from 15,500 to 14,800. The number of unemployed increased from 850 to 1,150. The percent of unemployed went from 5.5% in June, 1986 to 7.8% in June, 1988. The level of unemployment over the two year period increased by 41.8%.

This significant data justifies the exercise of caution by a municipal employer. Such caution is more likely to insure the continuance of a sound financial condition during this period of uncertainty and change.

However, there are additional matters to be considered when applying this public interest criterion. First, the Union has demonstrated that other public sector employers in Sturgeon Bay and Door County have provided larger increases to their employees than the increase demanded by the Union in its offer. These other public sector employers are primarily school districts.

This data must be discounted since school districts operate under different aid formulas. Nonetheless, the tax levy for schools approximates 50% of a property taxpayer's tax levy. This demonstrates a lack of unanimity as to the appropriate path to be taken to reverse the unemployment trend described above. The Union's data suggests that some public officials believe that quality schools and municipal services may be used as an inducement for industry to locate in the City of Sturgeon Bay and Door County.

The evidence indicates that the level of employment among the private employers of this community other than Bay Ship will either remain the same or increase in 1988. However, a lot more

jobs were lost to the Bay Ship layoffs than can be absorbed by these other private sector employers, combined.

The Union introduced data concerning salary increases provided by other counties in the State of Wisconsin which are experiencing unemployment rates in excess of 10%. It is unclear from the data presented, whether those counties stand at the fiscal crossroads occupied by the City of Sturgeon Bay and Door County. This City has not set its development course; although from the evidence, it appears that it is poised to do so. Accordingly, this evidence is given little weight here.

The City's evidence concerning the public sector settlements in Kenosha, arrived at after Chrysler's announcement that it would close its plant, has been accorded little weight. There is no evidence that the City of Sturgeon Bay law enforcement personnel enjoy the same rank and wage rate levels among its comparability group as do the Kenosha employees among their comparability group.

To summarize, the weight of the evidence demonstrates that this statutory criterion lends strong support to the City offer on wages.

Comparison of Wages of Police to that of Police in Public Employment in Comparable Communities:

The threshold issue in the application of this criterion is to identify the comparable communities which will serve as the basis for comparison for the law enforcement personnel employed in the Sturgeon Bay Police Department. The City argues that Sturgeon Bay is unique. The Departments located in the immediate vicinity are of a difference size. Other communities which approximate the size of the City by population and the number of police officers which they employ are not undergoing the economic change described above. However, this City does identify communities which it deems comparable to Sturgeon Bay, should the Arbitrator give any weight to this criterion.

In its argument, the Union groups the comparables suggested by each party and suggests that this broad based pool should serve as an adequate measure for the application of the comparability criterion. The comparable communities suggested by the Union are: Brown County, Green Bay, De Pere, Marinette County, City of Marinette, Oconto County, City of Oconto, Kewaunee County, City of Kewaunee, Algoma, Manitowoc County, City of Manitowoc, Two Rivers, Door County, Oconto Falls, Shawano and Peshtigo.

The City identifies what it believes are the primary comparables as: Algoma, Kewaunee, Oconto, and Oconto Falls. It lists secondary comparables as: the City of Shawano and Two

Rivers and it lists a miscellaneous comparable - Peshtigo.

Generally speaking, the duties and responsibilities of a deputy sheriff and a city police officer differ substantially. No evidence was presented comparing the duties of a police officer and a county deputy sheriff. Furthermore, the tax base to fund a municipality's police officers and a county's sheriff's department differs substantially. Furthermore, the police chief, ordinarily is appointed, whereas the sheriff is elected to that position. Ordinarily reference is made by parties in a city police interest arbitration to the salary levels of deputy sheriffs in that particular county. The Arbitrator, therefore, has excluded the counties listed, other than Door, as comparables for analysis of wages of police officers in the City of Sturgeon Bay.

The Employer argues that its primary comparables are much smaller in size both in terms of population and size of police force than the City of Sturgeon Bay. Geographically, the communities of Algoma and Kewaunee are located near Sturgeon Bay. The communities of Oconto and Oconto Falls are located on the other side of Green Bay, some distance by road from Sturgeon Bay. The City's argument that there are no communities comparable to Sturgeon Bay is based, in part, on this analysis. However, if the City argument is accepted, then comparability becomes a meaningless criterion in evaluating wage rates for law enforcement personnel employed in the City of Sturgeon Bay. This Arbitrator does not believe that the Employer and the Union do not look to other communities which are geographically proximate to the City and which are of similar size in population, tax base, assessed valuation of property, size of police force and expenditure for law enforcement when each considers the question of the appropriate level of wages to be paid to police officers employed in the City of Sturgeon Bay.

From the data presented by both the Union and the Employer, it is apparent that the communities located closest to Sturgeon Bay are much smaller in size, in population and in size of the police department. The City of Two Rivers, City of Marinette and the City of Shawano which are located some distance from Sturgeon Bay more closely approximate the size of the City of Sturgeon Bay in population. Although the data demonstrating comparable cities is not as complete as this Arbitrator would like, the Arbitrator finds that there is sufficient data to establish a broad range of comparables through which a comparison may be made of wage rates of police officers in Sturgeon Bay to police officers employed in the following cities: Algoma, the City of Kewaunee, the City of Marinette, the City of Oconto, the City of Shawano, the City of Two Rivers, Oconto Falls and Peshtigo.

The City of Green Bay is not comparable to Sturgeon Bay. It is ten times the size of Sturgeon Bay. The wage rates and

conditions encountered by the police officers of De Pere are heavily influenced by Green Bay. De Pere is not comparable to Sturgeon Bay.

The Employer argues that in arbitration proceedings involving the city of Marinette, Sturgeon Bay has never been identified as a comparable community when the salary level of police officers in that community was at issue. It must be remembered that comparability does not establish a comparison between identical communities. Instead, a comparison of similar communities is mandated by the statute. Accordingly, it is not unusual, in the experience of this Arbitrator, that communities which may be included as comparables for one community will not be listed as comparables for others. In fact, communities which are identified as comparables for one employee bargaining unit may not be considered to be an appropriate comparable in a case involving another bargaining unit in that same community. Even though Sturgeon Bay has not been considered as a community comparable to Marinette, in this case concerning the wage rates to be paid to police officers, this Arbitrator finds the City of Marinette is an appropriate comparable to the City of Sturgeon Bay.

The City argues that the comparison of wage rates should be based on the hourly rate. The Union asserts that that comparison should be made on the basis of the monthly salary paid to the top patrol officer.

The Arbitrator agrees that the patrol officer at the maximum rate is the benchmark position and rate to be considered in this case. Eleven of the 12 patrol officers employed in the City of Sturgeon Bay are at the top step or fourth year step on the salary schedule. The bargaining unit totals 15 employees. The Arbitrator finds that it is appropriate to compare the monthly salaries and the hourly rates of the patrol officer at the top salary schedule step in the City of Sturgeon Bay to the wage rates of the patrol officers at the top step of the salary schedule in the comparable communities listed above. In some of the communities, overtime at straight time or at time and a half is included in the normal work schedule so as to bring the level of income to a specific monthly rate. For example, in the city of Oconto, two and a half hours of overtime are listed to achieve the monthly rate for top patrolmen of \$1,922.00 per month. Furthermore, although the City of Sturgeon Bay's 1987 agreement sets forth rates on an hourly basis, many of the agreements of the comparables establish the rates on a monthly and, in some cases, on an annual basis. It appears from the agreements of the comparables that both total income and hourly rates were specifically addressed by employers and union. Accordingly, in chart number 2, below, the monthly and hourly rates paid to police officers in 1988 are compared. In addition, the percentage increase from 1987 to 1988 is listed, as well.

CHART 2 *

MUNICIPALITY	1/1/87	
	Mnth.	Hr.
Algoma	1869	A 11.51
City of Kewaunee	1736	A 10.71
City of Marinette	2046	B 11.80
City of Oconto	1875	C 10.82
Oconto Falls	1903	A 11.73
City of Shawano	1819	A 11.21
City of Two Rivers	1839	C 11.32
Peshtigo	1903	C 10.98
Agreement - City & Union	1827	11.26
Average - Cities w/o Sturgeon Bay	1874	11.26
Change Relative to Average City: Union:	-47	at the average

CHART 3 *

MUNICIPALITY	1/1/88		12/31/88		PERCENT INCREASE 1988	
	Mnth.	Hr.	Mnth.	Hr.		
Algoma	1869	A 11.52	1963	A 12.10	4.50%	
City of Kewaunee	1815	A 11.19	1851	A 11.40	4.53%	
City of Marinette	2138	B 12.33	2138	B 12.33	4.50%	
City of Oconto	1922	C 11.09	1922	C 11.09	2.50%	
Oconto Falls	1941	A 11.96	1941	A 11.96	2.00%	
City of Shawano	1874	A 11.55	1874	A 11.55	3.00%	
City of Two Rivers	1877	C 11.55	1877	C 11.55	2.00%	
Peshtigo	1950	C 11.25	1950	C 11.25	2.50%	
City Offer	1864	11.48	1864	11.48	2.00%	
Union Offer	1890	11.64	1890	11.64	3.50%	
Average - Cities	1923	11.56	1939	11.65	3.19%	
Change Relative to Average	City:	-59	-.07	-75	-17	-1.19%
	Union:	-33	+.09	-49	-.01	+0.31

FOOTNOTE KEY

A = hourly rate based on 1947 hours.
B = hourly rate based on 2080 hours.
C = Based on Employer calculations.

* NOTES

1. All figures in this chart have been calculated from the applicable contracts and the rates generated and rounded off.

2. The Arbitrator has listed and compared rates in the beginning of the year and the end of 1988 due to the "split" agreements reached among the comparables.

3. The hourly rates for Oconto Falls is substantially at variance from the \$11.35 hourly rate reflected at City Exhibits 15-37 and 15-38. The monthly salary for patrolmen is listed in the Oconto Falls Agreement as \$1,941.00. This figure was multiplied by 12 and divided by 1,947 hours -- the number of hours worked in a 4-2 schedule with an 8 hour day. The Arbitrator obtained the result listed in the chart -- \$11.96/hour.

3. The 2% costing credit accorded to the City of Two Rivers for its payment of the health insurance premium for retirees should be credited in the total package cost of that Agreement rather than in the calculation of the wage rates paid to patrol officers currently on the force.

The chart demonstrates that the Union offer is but .31% above the average increase granted by the seven comparable cities to their police officers at the patrol officer benchmark. The City's offer is 1.19% below that offered by the comparable cities. The Union's offer more closely approximates the increase granted by the comparable communities.

The Union offer brings the Sturgeon Bay Police Officer within two cents an hour below the average paid by the comparable communities. The City offer results in a wage rate which is eighteen cents below the average. The union offer retains wage rates in 1988 at the same relationship to the average as in 1987. The City's offer drops wage rates further from the average in 1987. With regard to the monthly income for a patrol officer, the Union offer, which is \$49.00 below the average, more closely approximates the average monthly salary for patrol officers employed by the comparable cities listed than the City's offer which is \$75.00 below the average. The above data supports the selection of the Union's final offer for inclusion in a successor agreement.

The comparability criterion contains two other segments. The statute requires that the percentage increases provided to other public sector employees be compared to the percentage increases proposed by the Union and the Employer. The Arbitrator notes above, in the discussion of the public interest and welfare criterion, that the bulk of the data available on this criterion relates to increases provided by area school districts to their employees. Because of the different funding formulas and the level of state support for education, that data is given little weight under this factor.

The statute requires that the Arbitrator consider the percentage increases provided by private employers to their employees. Again, in the discussion of the public interest criterion above, the Arbitrator notes the response of the major private sector employers in Sturgeon Bay to the salary surveys undertaken by the school districts of Sturgeon Bay and Sevastopol. Weight was accorded to these responses with reference to the level of employment. However, as noted by this Arbitrator in his award in Sturgeon Bay School District, (24174-A), 7/87, it is difficult to verify whether the level of increases reported by an employer whose employees are unorganized has equally provided the increases by percent or dollar amount to all employees in all classifications of employment. In the absence of direct testimony subject to cross examination, or in the absence of a detailed wage survey by job classification, the data with regard to salary increases provided by private sector employers whose employees are unorganized is given little weight.

The Arbitrator should add that the record evidence demonstrates that Bay Shipbuilding unilaterally implemented an 18%

wage cut in January, 1988. In light of the layoffs and the demonstrable change in the course of the business undertaken by Bay Shipbuilding, that action has already been considered and given full weight in the discussion of the public interest criterion, above.

Furthermore, there is no evidence demonstrating any direct linkage between the percentage increases and/or decreases in wages provided to Bay Ship employees and the wage rates of law enforcement personnel of the City of Sturgeon Bay. It is inappropriate, therefore, to base any decision solely on the decision of Bay Ship to implement a wage cut.

In conclusion, the Arbitrator finds that the comparability criterion supports the inclusion of the Union's final offer in a successor agreement.

Cost of Living:

The Arbitrator finds that this criterion supports the Union's offer. The Non-metro Urban Index for the North Central States for the calendar year 1987 reflects an increase in the index of approximately 3.9%. The total cost of the Union's offer is 4.5% in 1988. It is .64% above the cost of living for calendar year 1987. The total package cost of the City's offer is 3.1%. The City's offer is .78% below the increase in the cost of living. With regard to the first year, the Union's offer more closely approximates the increase in the cost of living.

The City limits its offer to a one year proposal. The Union proposes that wages be increased by 4% in the second year. There is no data in the record with regard to the extent or the amount of any health insurance premium increase projected for the 1989 calendar year. That increase had a significant impact on the total package cost of the first year of the parties' proposals. As of this writing, the increase in the Non-metro Area Index for the North Central States amounts to approximately 3.5 or 3.6%. The Union offer exceeds the increase in the cost of living by approximately 1/2 of 1%.

The City argues that when the increase in the cost of living for the past four years is compared to the increase in the wage rates paid to police officers in Sturgeon Bay over the same period of time, the rate of increase has far exceeded the rate of increase of the cost of living. In light of the relative position of the wage rates of police officers in the City of Sturgeon Bay, it appears that increase in salaries is, at best, equal to or, more likely, slightly less than the increase in wage rates paid to police officers in other comparable communities. Accordingly, this fact does not serve to distinguish between the offers of the parties.

On the basis of the above discussion, the Arbitrator concludes this criterion supports the Union's offer.

Overall Compensation:

The parties did not present any argument with regard to this factor. Accordingly, it is not considered or given any weight in the determination of which final offer is to be included in a successor agreement.

Changes in the Foregoing Circumstances:

Two changes occurred from the date of the hearing to the date of this Award. Data with regard to the level of unemployment was submitted in July, 1988. The Arbitrator has taken account of that data in the discussion of the public interest criterion, above. Changes in the Consumer Price Index through September, 1988 have been published and were taken into account in the discussion of the cost of living criterion, above. No other changes relevant to this proceeding were argued or taken into account by this Arbitrator in this decision.

Such Other Factors...:

The rate of increase and wage rates paid to employees of the City of Sturgeon Bay and of Door County, the internal comparables, is the principal factor which remains to be considered in this case. However, the other bargaining units have not settled their agreements for the calendar years 1988 and 1989. It is apparent from the final offers proposed by the City and the other unions, that there is no strict wage pattern contemplated by the Employer or by the unions representing other groups of employees.

Door County contracts are to be determined through arbitration, as well. There is little identifiable data which would be of assistance in distinguishing between the final offers of the City and the Union, in this case. Accordingly, the Arbitrator gives no weight to this factor in the decision below.

DURATION

The Public Interest:

The Arbitrator has detailed, in his analysis of this

criterion with regard to the wage issue, that the City finds itself at a crossroads as to the course it is to set to bring new industries to the City. The City and Door County, together with the Chamber of Commerce, have already commissioned and have before them studies which they may use in charting this new course. A one year agreement provides that additional flexibility to all concerned to deal with any change in circumstances.

Such Other Factors:

Although the legislature did not make any changes to Sec. 111.77, Wis. Stats., it did change the statute which provides arbitral resolution to interest disputes for other public employees. That legislation reflects the judgment that labor stability is enhanced through two year agreements. There is nothing in this record to indicate that this legislative judgment is in error when applied to the police officers in Sturgeon Bay. Labor stability would be enhanced and supported through a two year agreement.

The law enforcement unit is the only one of the collective bargaining units in the City of Sturgeon Bay and Door County with a one year proposal from the Employer. Certainly, the internal comparables criterion (h) supports the Union's offer on duration.

However, the record evidence demonstrates that these parties, the law enforcement unit and the City, have established a pattern over the past several years wherein one year the settlement is relatively low, the next it is relatively high, the following year it is relatively low again, the year after that relatively high. In 1987, the law enforcement unit settlement was relatively high at 6.5%. The selection of either offer would result in an increase significantly lower than the one provided in 1987. A one year agreement, would permit the parties to establish a wage rate for 1989 reflective of this up and down pattern apparent in their bargaining relationship since 1984.

The evidence supporting a one or two year agreement offset one another.

SELECTION OF A FINAL OFFER

On the wage issue, the criterion of the public interest and welfare supports the City's offer. The dramatic change and increase in unemployment justify the need for caution. However, the sound financial condition of the City, the importance of law enforcement in a community through which large numbers of tourists travel is important, as well. The comparability criterion supports the Union's offer. However, the City's offer of a 2% increase in salary keeps the wage rate for police officers in contact with the average wage rate paid by the comparables,

albeit below the average. The City offer follows the up and down pattern of salary increases provided through voluntary agreements since 1984.

The marginal difference between the parties, which amounts to approximately \$6,000.00, will not materially affect the tax rate or the financial condition of the City.

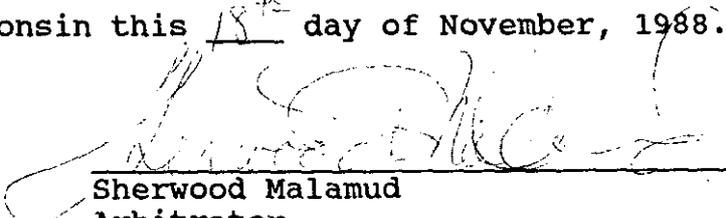
The Union's offer is reasonable. However, the Arbitrator concludes the City's offer is to be preferred. The public interest and welfare criterion and the dramatic increase in unemployment together with the finding that the City's 2% offer does not drop the wage level of the Sturgeon Bay Police Officers too far from the average salary paid to police officers in comparable communities, supports the City's offer of a below average increase of 2% in a short term agreement for a period of one year.

On the basis of the above discussion, the Arbitrator issues the following:

AWARD

Based upon the statutory criteria found in Sec. 111.77 (6)(a-h), Wis. Stats., the evidence and arguments of the parties and for the reasons discussed above, the Arbitrator selects the final offer of the City of Sturgeon Bay, which is attached hereto which, together with the parties' tentative agreements, are to be included in a successor agreement for the calendar year 1988 between the City of Sturgeon Bay and the Sturgeon Bay Police Department Employees, Local 1658, AFSCME, AFL-CIO.

Dated at Madison, Wisconsin this 18th day of November, 1988.



Sherwood Malamud
Arbitrator

CITY OF STURBEN BAY
POLICE

1. ONE YEAR AGREEMENT.
2. PRIOR AGREEMENT AS MODIFIED BY TENTATIVE AGREEMENTS.
3. WAGES: 2% ACROSS-THE-BOARD.

W. H. B. Buehler
Negotiator
1/26/00